

SEALED
IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

CLERK U.S. DISTRICT COURT
NORTHERN DIST. OF TX
FILED

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SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

**ARISEBANK,
JARED RICE SR., and
STANLEY FORD,**

Defendants.

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§ Civil Action No. 3:18-cv-0186-M

§ FILED UNDER SEAL

RECEIVER'S MOTION TO EMPLOY
KROLL CYBER SECURITY AS FORENSIC EXPERT AND
INVESTIGATIVE CONSULTANT

Mark W. Rasmussen, as Court-appointed Receiver for the estates of Defendant AriseBank and its affiliates (collectively "Receivership Entities"), respectfully moves the Court for an order approving the retention of Kroll Cyber Security ("Kroll") to serve as the Receiver's forensic expert and investigative consultant in this matter. In support of this Motion, the Receiver states the following:

1. On January 25, 2018, the United States Securities and Exchange Commission ("SEC") filed a complaint against AriseBank, Jared Rice Sr., and Stanley Ford ("Defendants") alleging that the Defendants participated in a scheme to defraud investors and violated federal securities laws. In its Complaint, the SEC sought, among other relief, a temporary restraining order, a preliminary injunction, and an asset freeze. The SEC also sought an order appointing a receiver for the Receivership Entities.

2. On January 25, 2018, the Court entered an order freezing all Receivership Assets and appointing Mark Rasmussen as Receiver for the estates of the Receivership Entities (the “Order”). The Order authorizes the Receiver to engage forensic experts and other advisors as needed. Specifically, the Order allows the Receiver to “engage and employ persons in the Receiver’s discretion to assist the Receiver in carrying out the duties and responsibilities of the Receiver hereunder, including, but not limited to, accountants, attorneys, securities traders, registered representatives, financial or business advisers, liquidating agents, real estate agents, *forensic experts*, brokers, traders or auctioneers.” Order at 3-4 (emphasis added). The Order also grants the Receiver the power and duty to locate and value property interests in “digital currencies, virtual currencies, [and] cryptocurrencies” among other things. *Id.* at 3.

3. The Receiver now seeks permission to use Kroll Cyber Security (“Kroll”) to assist with forensic and investigative tasks attendant to fulfilling his duties under the Order. Kroll’s role will include:

- a. Identifying and imaging devices that might contain virtual wallets, keys, PINs, and passwords;
- b. Securing and isolating devices to avoid data loss or data encryption;
- c. Locating cloud computing accounts, which might also contain virtual wallets or currencies;
- d. Interviewing employees with knowledge of the Receivership Entities’ financial assets and relevant cryptocurrency architecture; and
- e. All other forensic or investigative tasks pertinent to identifying and securing Receivership Entities’ assets.

4. Technical and cybersecurity expertise are critical to this case. The computer- and internet-based cryptocurrency business operated by the Receivership Entities sought to collect large amounts in digital assets from purported investors. Locating, identifying, and securing these assets, if possible, is likely to require expertise in a variety of novel technical fields. Kroll has a sophisticated team of engineers, analysts, and computer experts around the world who regularly handle a variety of cybersecurity-related matters. In particular, Kroll has prior experience that can be readily applied to the task of securing digital assets, including experience in imaging and analyzing electronic devices and assessing cryptocurrency architecture and assets. The Receiver has a need for experts with this technical know-how to carry out his duties under the Order.

5. The Receiver will compensate Kroll on an hourly basis, subject to applications presented to the Court and as set forth in the Order. The rates indicated below reflect a represent a significant discount from the standard rates charged by the company.

Consulting Services	\$375/hour - \$650/hour
Travel Time.....	50% of Consultant/Engineer hourly rate
Media Preservation/Replication.....	\$400/media
Media / Data Storage	\$25/media/month

Kroll has agreed to limit its fees in accordance with the overall cap of \$125,000 for fees of the Receiver and others assisting the Receiver, as set forth in the Order, and Kroll will bill in accordance with the terms of the Order.

6. Kroll has reviewed its conflicts database and has identified no conflicts of interest. Kroll's impartiality would not be compromised if engaged by the Receiver as set forth in this brief.

ACCORDINGLY, the Receiver, Mark Rasmussen, requests that the Court enter an order permitting him to retain Kroll as set forth herein.

Dated: January 26, 2018

Respectfully submitted,

/s/ James Cox

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COUNSEL FOR COURT-APPOINTED
RECEIVER

CERTIFICATE OF CONFERENCE

I hereby certify that I conferred with counsel for the SEC as to the terms and conditions of retaining Kroll as set forth in this Motion. The SEC does not oppose this Motion.

/s/ James Cox

James A. Cox

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on January 26, 2018, the foregoing document was submitted to the clerk of the Court for the U.S. District Court, Northern District of Texas. An electronic copy was served by email on counsel for the SEC. No other party has answered or otherwise appeared in this case.

/s/ James Cox

James A. Cox

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**[PROPOSED] ORDER GRANTING
RECEIVER'S MOTION TO EMPLOY KROLL CYBER SECURITY AS
FORENSIC EXPERT AND INVESTIGATIVE CONSULTANT**

Before the Court is the Receiver's Motion to Employ Kroll Cyber Security as Forensic Expert and Investigative Consultant. The Motion is **GRANTED**. The Receiver is authorized to retain Kroll Cyber Security in this matter on the terms set forth in the Motion and to use Kroll and its resources to assist him as needed to carry out his duties.

SO ORDERED.

January __, 2018.

**CHIEF UNITED STATES DISTRICT JUDGE
BARBARA M. G. LYNN**